

American

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Bernanke: U.S. Economy Growing, Unemployment Persists

By Merle David Kellerhals Jr.
Staff Writer

Washington — The U.S. economy is growing, but unemployment is expected to persist while inflation should remain low, Federal Reserve Chairman Ben Bernanke told a congressional committee.

“The U.S. economy expanded at about a 4 percent annual rate during the second half of last year,” Bernanke testified before the U.S. House Financial Services Committee February 24. “A significant portion of that growth, however, can be attributed to the progress firms made in working down unwanted inventories of unsold goods, which left them more willing to increase production.”

Bernanke was making the first of a series of appearances before congressional committees to give his twice-a-year testimony on the state of the U.S. economy and monetary policy decisions made by the Federal Reserve, the nation’s central bank. The United States entered one of the steepest recessions in its history in December 2007 and slowly began its recovery in late 2009. Bernanke testified that U.S. economic activity contracted sharply following the intensification of the global financial crisis in the fall of 2008.

While concerted stimulus efforts by President Obama, the Treasury Department, the Federal Reserve and other federal agencies have helped stabilize the nation’s financial system and spur recovery, Bernanke said, a sustained recovery will depend on continued growth in private sector demand for goods and services.

“Consumer spending has recently picked up, reflecting gains in real disposable income and household wealth and tentative signs of stabilization in the labor market,” he testified. And there has been a significant rise in business investment in equipment and software, Bernanke said, which is often taken as an early sign of expanded business growth.

On February 18, the Federal Reserve raised the discount rate it charges commercial banks for emergency loans one-quarter point to 0.75 percent. The aim is to shift banks away from emergency borrowing from the government and toward traditional money markets, he said.

The more potent federal funds rate — the Fed’s main policy tool — will likely remain at a historically low range of 0 to 0.25 percent “for an extended period,” Bernanke testified.

Bernanke also acknowledged that international trade — supported by a recovery in the economies of many U.S. trading partners — is rebounding from its deep contraction of a year ago.

According to a recent report by the U.S. Commerce Department, the U.S. trade deficit in 2009 totaled \$380.66 billion, the smallest trade imbalance in eight years. That was because the recession cut sharply into imports, lessening consumer demand as consumers spent less on nonessentials. But government economists believe that will shift in 2010 as the U.S. economy recovers from the recession and demand for imports grows, the Commerce Department reported.

The recovery in employment has been slower in coming. Since December 2007, the United States has lost 8.4 million jobs.

“The job market has been hit especially hard by the recession, as employers reacted to sharp sales declines and concerns about credit availability by deeply cutting their workforces in late 2008 and in 2009,” Bernanke testified. But he added that some recent indicators suggest the deterioration in the nation’s labor market is changing.

“Job losses have slowed considerably, and the number of full-time jobs in manufacturing rose modestly in January,” he said.

Bernanke said he is concerned about the long-term implications of high unemployment for workers’ skills and wages. “More than 40 percent of the unemployed have been out of work six months or more, nearly double the share of a year ago,” he said.

Bernanke said most economic indicators suggest that inflation will remain subdued for some time. He pegs that assessment to slack in the labor and product markets that has reduced wage and price pressures, sharp increases in productivity that have reduced producers’ labor costs and a very slow rise in the cost of shelter, which figures strongly in consumer price indexes.

REGULATORY REFORM

Bernanke told the congressional committee that strengthening the U.S. financial regulatory system is essential to the nation’s long-term economic stability. He called on Congress to pass legislation that would enhance the regulation and supervision of the nation’s financial system from banking to investing.

“The Federal Reserve strongly supports the Congress’ ongoing efforts to achieve comprehensive financial reform,” he said. “The recent crisis has also underscored the extent to which direct involvement in the oversight of

banks and bank holding companies contributes to the Federal Reserve's effectiveness in carrying out its responsibilities as a central bank, including the making of monetary policy and the management of the discount window."

The Group of 20 advanced and emerging global economies said at two summits held in 2009 that the financial sector needed greater regulation and oversight to prevent risk-taking that has jeopardized global economic stability.

Democracy Progressing in Africa, Transparency International Says

But much work remains to be done, warns TI representative Akere Muna

By Charles W. Corey
Staff Writer

Washington — "Hopeful" and "moving in the right direction" is how a senior representative of Transparency International (TI) describes democracy and governance across sub-Saharan Africa. But, he warns, managing peaceful political transition remains a big problem in much of Africa.

Akere Muna, vice-chairman of Transparency International's international board of directors, told America.gov February 22 that at the most basic level, trends are positive because people are discussing the need for increased transparency and accountability in their governments. Speaking by telephone from his office in Cameroon, Muna said there is still much work to do.

Transparency International is a civil-society organization that fights corruption worldwide through more than 90 chapters. Since 1995, it has published an annual Corruption Perceptions Index that ranks countries from 0 (highly corrupt) to 10 (free of corruption). TI's 30 chapters in sub-Saharan African countries monitor democratic conditions within their own countries, operating on the premise that local people know their nations best, Muna said, and building coalitions with civil society, the private sector and, ideally, their own governments.

Noting the dozens of elections are slated for Africa in 2010, Muna emphasized the need to manage transitions peacefully. These elections, he said, are "the first take and a test" of Africa's ability to follow through on increased democratization and transparency.

Muna warned that elections in themselves are not enough because sometimes a legally elected government takes office and simply "ties up the system," leaving a coup d'état the only option for change.

The TI representative said "increased talk about the need

for good governance and the corrosive impact of corruption is a welcome sign," but cautioned multiparty democracy "comes with certain constraints" that must be addressed.

"When politicians and political parties have to compete for votes, things can happen. When a society is not used to dealing with these factors," he said, legal safeguards must be put in place to guard against corruption.

He added that an African government is often the nation's main employer, and historically some governments have only hired from one ethnic group, a practice that can foster corruption. Also, many sub-Saharan economies remain highly dependent on cash, which contributes to corruption because cash is hard to track and easy to hide.

Muna, who is also president of the Pan African Lawyers Union (PALU), said people in sub-Saharan Africa tend "not to fight for certain things" — like constitutions — that are perceived to be handed down from above. Constitutions are not always fully understood or effectively used by the citizenry, he added.

One notable exception, he said, is South Africa, which has a working, living, actively used constitution due to its relatively recent struggle to end apartheid.

PILLARS OF GOOD GOVERNANCE

Too often in sub-Saharan Africa, "nobody interrogates the system" — no one connects what the government is doing under the constitution and how those activities affect corruption, poverty and the government's responsibility to its citizens, Muna said. He cited Transparency International's framework of pillars of good governance as a way to measure a country's success in fighting corruption.

The pillars, he said, are key elements that can be used to measure progress on good governance. The National Integrity System Model of pillars includes areas such as media, civil society, an auditor general and international participants.

One of the vital pillars of good governance is accountability, Muna said, adding it requires a free press. "If you don't have a vibrant and responsible press, then it is impossible to be able to have any kind of system that holds any hope for the future. So the press has a key role to play and one that is not to be taken lightly."

Sub-Saharan African nations often lack an adequately trained free press that is informative, authoritative, responsible and not sensational, according to Muna. Drawing from his own experience in Cameroon, he said it is important for local journalists to report on government

budgets and pending projects, such as the construction of a well or road in a village. Citizens then can question their leaders on the project's status and the disposition of the funds for that project. "That is empowerment that encourages accountability," he said.

An active civil society is also important. Muna described civil society as the "salvation" force charged with realigning governmental processes to ensure things are happening to improve society as a whole.

Commenting on recent events, Muna described Zimbabwe as a country suffering from a "total breakdown" of the pillars of integrity and good governance. He sees Guinea as a society emerging from a very unfortunate past where things now seem to be realigning, and he has hope for Niger as well.

Turning to Nigeria, Muna described a complex country with a dynamic free press, able to correct itself politically. Political correction is currently under way there, he said, with the elevation of Vice President Goodluck Jonathan to acting president. Muna warned, however, that Nigerians have long viewed corruption as a way of life.

In Madagascar, Muna said, recent political developments illustrate "Africa has problems managing political transition," something he termed a common problem in the region.

"Every time I look at American television and I see all those former U.S. presidents together, that is an amazing experience for Africans to visualize.

"How does one manage transition? That is the biggest question for Africa, to manage transition peacefully across the board in countries such as Cote d'Ivoire, Guinea, Niger, Zimbabwe, so their governments are in line with the wishes and aspirations of their people."

Women's Advancement Seen as Key to More Prosperous Afghan Future

By Stephen Kaufman
Staff Writer

Washington — Investment in women is the single most effective development strategy globally, and Afghanistan is no exception, says a State Department official, who outlined for a Senate panel the ways the Obama administration is working to promote women's rights as a powerful but underused force to improve Afghanistan.

Melanne Verveer, the State Department's ambassador-at-large for global women's issues, spoke February 23 to the U.S. Senate Foreign Relations Subcommittee on International Operations and Organizations, Human Rights, Democracy and Global Women's Issues, and to

the Subcommittee on Near Eastern and South and Central Asian Affairs.

In her written testimony, she praised the "many capable Afghan women leaders [who] risk their lives every day," whether in politics, civil society, health, business or education. Facing intimidation and threats, these women are taking risks "to work alongside men to create a better future for their country," Verveer said, adding that Afghan women are working as teachers, midwives, farmers and members of police forces and provincial councils.

U.S. support for human rights includes working for the empowerment of women in Afghanistan, and their participation is "critical for sustainable development, better governance and peace" in their country, she said.

"The era of brutal repression by the Taliban has passed," Verveer said. "Yet on every measure of development and in every sphere, women in Afghanistan continue to suffer solely because they were born female."

Their immediate post-Taliban gains in the political realm have suffered due to deteriorating security conditions, which have allowed assassinations and threats against women who hold or aspire to public positions. The Afghan government has failed to fully protect or include them in decisionmaking, she said.

"Their political gains today appear fragile and require urgent and sustained attention from the international community," Verveer said.

Health care deficiencies have given Afghanistan the world's second-highest maternal mortality rate. In education, Verveer said that although 35 percent of Afghanistan's student population is female, as opposed to none during the Taliban era, only about 21 percent of Afghan women can read and write, and the female illiteracy rate is as high as 90 percent in rural areas of the country. Girls who want an education also face threats from extremists, who have burned schools, gassed schoolgirls, and thrown acid in the faces of female students, she said.

Verveer said violence against women and girls "remains endemic in Afghan society," and is "perhaps the greatest remaining impediment to women's full civic participation."

That violence "cannot be explained away as cultural or private," she said. "It is criminal and must be addressed as such."

"Afghan women suffer domestic abuse, rape, forced marriages, forced prostitution, kidnappings, so-called

'honor' killings, and cultural practices that use daughters as payment to settle disputes and that condone self-immolation," she said. About 80 percent of crimes and disputes are settled through traditional justice mechanisms, which she said "are often flagrantly discriminatory toward women."

To unleash the "largely untapped" potential of Afghan women, the Obama administration is among those helping to remove barriers that stand in their way, she said.

The January 29 women's action plan for women and girls in Afghanistan unveiled by Secretary of State Hillary Rodham Clinton includes U.S.-funded initiatives to improve women's security; public- and private-sector leadership opportunities; access to health care, education and government services; and the ability to take advantage of economic opportunities, particularly in agriculture, Verveer said.

The United States is training women at local levels to better equip them to take on political leadership roles, and is supporting Afghan civil society organizations that provide civic education and media training. Among the highlights of the U.S. role, Verveer mentioned:

- A \$26.3 million program of small loans to women-led nongovernmental organizations teaching office, handicraft and agricultural skills.
- Training of 525 female police officers and 600 women who work in Afghanistan's justice sector.
- Support for family response units largely staffed by female police and which offer protection for those reporting crimes.
- Workshops on domestic violence to train 550 male and female police officers.
- A \$2 million program to teach religious and political leaders the importance of human and women's rights within the context of Islam.
- Economic development assistance and training to teach 52,500 women how to harvest and market cashmere products from their goat herds.
- Training and supplies to get 180 women started in poultry breeding and management enterprises.
- More than 100,000 women recipients of U.S. Agency for International Development microfinance loans, workplace skills training and cash-for-work programs.
- Funding to establish primary schools, adult literacy and teacher training programs to benefit women and men in rural areas.
- Assistance to increase the number of midwives and women health care workers and increase women's access to health services.

The empowerment of women is good not only for the sake of human rights, Verveer said. The scale of reform

needed in Afghanistan requires the commitment and participation of both women and men, and women's participation in public life will also allow them to contribute to their country's economic activity.

"It is a simple fact that no country can get ahead if half its population is left behind. We know from an accumulating body of studies and research from governments, multilateral organizations, corporations and think tanks that investing in women is the single most effective development strategy that we have for poverty alleviation, economic growth and a country's general prosperity," she said.

"There can be no progress, in Afghanistan or in any other part of the world, without women's progress," Verveer said.

Statement on Death of Cuban Dissident Orlando Zapata Tamayo

U.S. extends heartfelt sympathies to his family, friends and supporters

U.S. DEPARTMENT OF STATE
Office of the Spokesman
February 24, 2010

STATEMENT BY PHILIP J. CROWLEY,
ASSISTANT SECRETARY OF STATE FOR PUBLIC AFFAIRS

Death of Cuban Dissident Orlando Zapata Tamayo

On Tuesday, February 23, 2010, prisoner of conscience Orlando Zapata Tamayo died following an eleven-week hunger strike. We are deeply saddened to learn of his death, and the U.S. government extends its heartfelt sympathies to his family, friends, and supporters. Zapata was arrested in 2003 on charges of "contempt for authority." While in Havana last week, the USG delegation for Migration Talks raised Zapata's incarceration and poor health with Cuban officials and urged them to provide all necessary medical care.

Mr. Orlando Zapata Tamayo's death highlights the injustice of Cuba's holding more than 200 political prisoners who should now be released without delay.

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